

## INTEREST UPON CERTAIN ALLOWED CLAIMS.

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MARCH 2, 1901.—Ordered to be printed.

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Mr. STEWART presented the following:

LETTER, SIGNED L. J. GAGE, SECRETARY, RELATING TO THE QUESTION OF INTEREST UPON CERTAIN ALLOWED CLAIMS FOR TRANSPORTATION SERVICES RENDERED TO THE GOVERNMENT OVER THE NONBONDED LINES OF THE CENTRAL PACIFIC RAILROAD COMPANY AND SOUTHERN PACIFIC COMPANY, AND TRANSMITTING A STATEMENT AS TO THE DATES WHEN THE CLAIMS WERE SETTLED AND ALLOWED BY THE ACCOUNTING OFFICERS, AND ALSO AS TO SUCH CLAIMS AS WERE EMBRACED IN THE JUDGMENTS RENDERED IN FAVOR OF THE COMPANIES.

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MAY 12, 1900.

SIR: The Department is in receipt of your communication of the 30th ultimo, inclosing copy of an amendment offered to the sundry civil bill now pending before your committee, relating to the question of interest upon certain allowed claims for transportation services rendered to the Government over the nonbonded lines of the Central Pacific Railroad Company and Southern Pacific Company. The amendment proposed provides for interest at the rate of 4 per cent per annum upon amounts which became due from the United States to the Central Pacific Railroad Company and the Southern Pacific Company for transportation services rendered to the Government over the lines of these companies for which no subsidy bonds were issued by the United States in aid of their construction.

Replying to your request to be furnished with a statement in as much detail as practicable as to the dates when these claims were settled and allowed by the accounting officers, and also as to such claims as were embraced in the judgments rendered in favor of the companies, I have the honor to state that under the Pacific railroad acts of 1862 and 1864 one-half of the earnings from Government transportation over the bond-aided roads was required to be applied to the payment of the principal and interest of the subsidy bonds issued by the Government in aid of their construction, and by the act of May 7, 1878, commonly known as the Thurman Act, the other half of Government transportation earnings over the bond-aided lines was to be withheld and applied to the sinking fund created by said act. Neither of these acts related to the transportation earnings over the nonbonded lines, which, under certain decisions of the Supreme Court, were required to be paid in cash.

The services for which payment was withheld were rendered in most part during the years 1883 to 1896, inclusive. Under various rulings of the accounting officers, payments for these services being withheld, suit was commenced by the Central Pacific Railroad Company in the Court of Claims in November, 1885, for recovery of amounts then due and for further amounts accruing for similar services. This case was decided in favor of the company, and, on appeal by the Government, was affirmed by the Supreme Court.

After the spring of 1885 the transportation services for the Government over the nonaided lines of the Central Pacific Railroad Company were rendered by the Southern Pacific Company as lessee of these lines, and as compensation for such services was also withheld, suit was commenced by the Southern Pacific Company in the Court of Claims therefor, and judgment was rendered in favor of the company in January, 1893, for \$1,824,336.44. The question as to withholding payment having already been decided by the Supreme Court, as above stated, no appeal was taken by the Government.

The Second Comptroller, in a decision rendered in August, 1885, says:

With reference to the order of the late Secretary of the Treasury of January 12, 1884 (directing that all balances ascertained by the accounting officers to be due for these services should be certified without suggestion as to the mode of payment, but should be held in abeyance for the future disposition of Congress), it is difficult to see how it can longer be upheld. It was evidently intended only to be temporary in its operation, and to anticipate that some explanatory or remedial legislation by Congress would be had; but two sessions have since passed, and that body had manifested no disposition to further legislate upon the subject. Under this order an approximate estimate shows that over \$900,000 are now held in suspenso, having been neither paid to the company or credited to them under the Thurman Act. It is clear that the Government can not properly refuse to act at all in the matter. It should either pay this money over to the company, or else it should be covered into the Treasury and invested and applied, as required by the act of 1878.

The following is a summary of the amounts of interest on the various allowed claims computed at 4 per cent:

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| 1. Interest on claims embraced in judgments of the Court of Claims for the periods from the respective dates of rendition of such judgments to the respective dates of payment thereof.....            | \$640, 041. 89 |
| 2. Balance of interest, exclusive of amount stated in foregoing, on all claims from the respective dates of certifications by the accounting officers to the respective dates of payment thereof ..... | 856, 048. 52   |

Total amount of interest .....	1, 496, 090. 41
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Credit for these claims and judgments, amounting to \$1,162,939.48, was allowed in settlement agreement entered into with the company by the United States February 1, 1899, but in the absence of express authority of law, the amounts of interest as herein stated were not allowed.

I inclose herewith a statement showing somewhat in detail the amounts of interest on claims embraced in each judgment and the interest on allowed claims separately. These judgments and claims are all reported in Senate Document No. 34, Fifty-fourth Congress, second session, and Senate Document No. 236, Fifty-fourth Congress, first session.

I have also had prepared a statement showing by date, number, and amount each allowed claim, and the date, number, and amount of each judgment, with the interest computed at 4 per cent thereon from the

respective dates of settlement by the accounting officers to the dates of payment thereof, which I will take pleasure in forwarding to the committee should it so desire.

Respectfully,

L. J. GAGE,  
Secretary.

Hon. W. B. ALLISON,  
Chairman Committee on Appropriations, United States Senate.

*Statement showing amounts of interest at 4 per cent per annum on claims allowed by the accounting officers for transportation services rendered for the United States by the Central Pacific Railroad Company and Southern Pacific Company over lines in aid of the construction of which no subsidy bonds were issued by the United States.*

## CLAIMS EMBRACED IN JUDGMENTS.

	Amount of claims.	Interest from dates of certification to rendition of judgments.	Interest from dates of rendition of judgments to dates of payment.	Total.
Judgment No. 14711, rendered by Court of Claims March 8, 1886, favor of Central Pacific Railroad Co., first reported in House Ex. Doc. 181, Fifty-first Congress, first session, Senate Document 34, Fifty-fourth Congress, second session .....	\$1, 113. 31	\$28. 21	\$574. 65	\$602. 86
Judgment No. 15785, rendered by Court of Claims February 11, 1889, favor of Central Pacific Railroad Co., first reported in House Ex. Doc. 234, Fifty-first Congress, second session, Senate Document 34, Fifty-fourth Congress, second session .....	804, 094. 31	125, 256. 18	261, 716. 18	886, 972. 36
Judgment No. 16697, rendered by Court of Claims, January 31, 1893, favor of Southern Pacific Company, first reported in Senate Ex. Doc. 59, Fifty-second Congress, second session:				
Senate Document 34, Fifty-fourth Congress, second session .....	499, 208. 46	106, 576. 76	68, 165. 90	174, 742. 66
Senate Document 236, Fifty-fourth Congress, first session .....	1, 310, 281. 09	265, 443. 12	309, 585. 16	595, 028. 28
Total interest on claims in judgments .....		517, 304. 27	640, 041. 89	1, 157, 346. 16

## CLAIMS NOT IN JUDGMENTS.

	Amount of claims.	Interest from dates of certification to dates of payment.
Senate Document 34, Fifty-fourth Congress, second session .....	\$1, 043, 631. 03	\$212, 180. 16
Senate Document 236, Fifty-fourth Congress, first session .....	298, 837. 50	126, 564. 09
Total interest on claims not in judgments .....		338, 744. 25
Total interest .....		1, 496, 090. 41

## SUMMARY.

Interest on claims in judgments from dates of rendition of same by the Court of Claims to dates of payment or settlement .....	\$640, 041. 89
Interest on claims in judgments from dates of certification by the accounting officers to dates of rendition of judgments .....	517, 304. 27
Interest on allowed claims, not in judgment, from dates of certification by the accounting officers to dates of payment or settlement .....	338, 744. 25
Total interest .....	856, 048. 52
Total interest .....	1, 496, 090. 41

